

PLYMOUTH CITY COUNCIL

Subject: Council Tax Base Setting 2016/17 and Council Tax Support Scheme 2016/17

Committee: Cabinet

Date: 12th January 2015

Cabinet Member: Councillor Lowry

CMT Member: Andrew Hardingham (Assistant Director for Finance)

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Ref:

Key Decision: **No**

Part: **I**

Purpose of the report:

The report provides Members with a Council Tax Base for tax setting purposes in accordance with the Local Authorities (Calculation of Tax Base) (England) Regulations 2012.

The Brilliant Co-operative Council Corporate Plan 2013/14 -2016/17:

The correct calculation of the Council Tax Base will ensure the Council maximizes its financial resources to meet its corporate priorities.

Implications for Medium Term Financial Plan and Resource Implications: Including finance, human, IT and land:

A collection rate of 98.5% has been used in calculating the Council Tax base. This Council Tax Base setting report together with Appendix A which details the tax base calculations, shows the tax base is 69,846 which will give us a Council Tax requirement of £92,236,907 assuming a council tax freeze. This is in line with the resource modelling within the budget papers due to be considered by Full Council in February 2016.

Plymouth City Council like all other Councils is required to annually review its Council Tax Support local scheme. As part of our review we have considered a number of factors and it is estimated that any additional costs to the Council by keeping the current scheme will be offset by our forecasted reduction in claimants.

Other Implications: e.g. Child Poverty, Community Safety, Health and**Safety and Risk Management:**

None – this report sets out the base for the Council Tax resource for 2016/17 and all implications from resource allocation are set out in the budget report.

Equality and Diversity:

None

Recommendations and Reasons for recommended action:

1. That Cabinet recommend to Council the approval of the Council Tax Base for 2016/17 Tax Setting as 69,846 Band D equivalents, which is the tax base after allowing for an estimated collection rate of 98.5%.
2. That Cabinet recommend to Council to approve the continuation of the current Council Tax Support Scheme for 2016/17

It is a statutory requirement for Full Council to approve its Council Tax Base for the forthcoming financial year.

Alternative options considered and rejected:

Not applicable – calculation of the tax base is a statutory function.

Amendments to the current Council Tax Support Scheme – rejected for 2016/17 but a full review will be undertaken for 2017/18 when more clarity is available around the potential impacts of Welfare Reforms

Published work / information:

None

Background papers:

None

Sign off:

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Originating SMT Member: Andrew Hardingham													
Has the Cabinet Member(s) agreed the content of the report? Yes													

I INTRODUCTION

- 1.1 The Local Authorities (Calculation of Tax Base) (England) Regulations 2012 establishes arrangements for the setting of Council Taxes. The arrangements include the valuation of the Council Tax Base for tax setting for which a Council resolution is necessary. The result must be notified to the major precepting authorities.
- 1.2 For the year commencing 1 April 2016 the major precepting authorities will be Devon and Cornwall Police and Crime Commissioner and Devon and Somerset Fire and Rescue Authority.
- 1.3 Regulations require the Council to determine its Tax Base for Council Tax purposes for 2016/17 during the period 1 December 2015 to 31 January 2016. The Council Tax Base is the measure of the taxable capacity of an area, for the purpose of calculating an authority's Council Tax. It represents the estimated number of Band D equivalent chargeable dwellings for the year. It also takes into account the authority's estimated Council Tax collection rate. The level of Council Tax subsequently set must use this base figure. A Tax Base calculation is provided in Appendix A.
- 1.4 The calculation of the Tax Base includes the impact of the Council Tax Support Scheme which significantly reduces income from Council Tax which is then offset, in part, by a Council Tax Support Grant which is included within the Settlement Funding Allocation.

2 PURPOSE OF THE REPORT

- 2.1 The purpose of this report is to present Cabinet with the calculation of the Council Tax Base of 69,846 for tax setting for the financial year 2016/17. For purposes of comparison, the Council Tax Base for tax setting in the financial year 2015/16 was 68,460.
- 2.2 The Tax Base calculation includes the impact of the Council Tax Support Scheme. This report assumes that all elements of the scheme remain the same for the 2016/17 financial year.

3 TAX BASE CALCULATIONS

- 3.1 Tax base figures are calculated by the billing authority as the aggregate of the "relevant amounts" calculated for each property valuation band multiplied by the estimated "collection rate" for the year.
- 3.2 Relevant amounts are:
 - (a) The number of chargeable dwellings in that band shown in the valuation list as it stands on the relevant day.
 - (b) The number of discounts, disabled reductions and exemptions which apply to those dwellings on the relevant day;

- (c) Estimated changes in (a) and (b) above between the relevant day and the last day of the charging period to which the estimate applies;
- (d) Impact of the Council Tax Support scheme which is linked to claimants, is converted to an equivalent number of dwellings per band by dividing the estimated cost per band of the reductions by the estimated Council Tax for that band;
- (e) The number of Band D equivalents within each different band.
- (f) The relevant day is 30 November in the financial year preceding that for which the relevant amounts are calculated.

3.3 The collection rate for the year is the billing authority's estimate of the total amounts of Council Tax which will ultimately be paid or transferred into the Collection Fund.

3.4 This report assumes a collection rate for Council Tax of 98.5%. Balancing recent arrears collection performance and the pattern of write offs, it is recommended that an assumed eventual collection rate of 98.5% is adopted for 2016/17. This maintains the same level used in setting the 2015/16 Council tax base. Analysis of collection rates across the age profile of debts suggests that an eventual collection rate of 98.5% remains realistic and prudent in the current economic climate. Collection performance will be monitored throughout the forthcoming year and the rate reviewed as part of the determination of 2017/18 tax base .

3.5 A summary of the actual calculation of the 2016/17 Council Tax Base for Plymouth City Council is shown in the appendices to this report. Appendix A shows the tax base calculation, Appendix B shows the tax base used for the previous three years for comparison.

4 COUNCIL TAX SUPPORT

4.1 In April 2013 the National Council Tax Benefit scheme was abolished and replaced by local assistance schemes, developed and administered by local Councils. Plymouth City Council introduced two schemes from 1 April 2013; Council Tax Support and a Discretionary Scheme. The main Council Tax Support (CTS) scheme requires all working age claimants to make a minimum 20% contribution towards their Council Tax bill.

4.2 The Council needs to continue to strike the right balance between fairness towards the frequent users of services and fairness to the wider taxpayer, and the consideration of our Council Tax Support Scheme has been prepared in conjunction with our Fairer Charging Policy to ensure consistency.

4.3 The qualifying criterion for the scheme follows the basic calculation for Housing Benefit. This is based on a 'means test' with those on a basic qualifying benefit, known as a passported benefit, receiving a maximum 80% payment towards their Council Tax with a sliding qualification scale applied to all other claimants in order determine entitlement.

4.4 Plymouth City Council like all other Councils is required to annually review its Council Tax Support local scheme. As part of our review we have considered a number of factors:

- prolonged economic downturn may create more take-up
- the Council's ability to collect council tax from individuals previously awarded council tax support; and
- any possible future increase in council tax will affect the cost of the scheme.

4.5 It is estimated that any additional costs to the Council by keeping the current scheme will be offset by the forecasted reduction in claimants. Current caseload figures confirms that the number of residents claiming Council Tax Support has decreased by 4% in the last 12 months and assuming this in-year level of claiming (caseload) continues to decrease at this rate, it is expected that the caseload and scheme cost within 2016/17 can be funded within the available financial envelope.

4.6 It is suggested that a review of the scheme is undertaken during the early part of 2016 to determine changes, if any, for implementation in 2017/18. The Revenues and Benefits and Finance Departments will work closely together to consider Welfare Benefit changes, the roll out of Universal Credit and any other changes that would impact on the Council Tax Support scheme and how it can be improved.

4.7 These factors have been taken into account in establishing the proposed Council Tax Base and the impact will be closely monitored throughout the year.

Council Tax Base - previous years

Appendix B

	2015/16			2014/15			2013/14		
Band	Number of properties	Estimated Collection Rate	Adjusted Band D Equivalent	Number of properties	Estimated Collection Rate	Adjusted Band D Equivalent	Number of properties	Estimated Collection Rate	Adjusted Band D Equivalent
A	46,694	98.5%	17,904	46,657	97.5%	17,428	46,363	97.5%	17,613
B	31,618	98.5%	17,942	31,379	97.5%	17,501	30,914	97.5%	17,431
C	22,046	98.5%	16,067	21,986	97.5%	15,771	21,734	97.5%	15,637
D	9,194	98.5%	7,671	9,123	97.5%	7,570	8,903	97.5%	7,499
E	4,711	98.5%	5,035	4,679	97.5%	5,001	4,493	97.5%	4,891
F	1,648	98.5%	2,146	1,657	97.5%	2,131	1,675	97.5%	2,199
G	578	98.5%	799	578	97.5%	780	567	97.5%	798
H	60	98.5%	41	60	97.5%	39	58	97.5%	37
Total	116,549		67,605	116,119		66,221	114,707		66,105
MOD			856			845			853
Tax Base			68,460			67,066			66,958